HFC Holdings Limited

Financial statements for the year ended 31 July 1999
together with Directors' and Auditors' Reports

Registration number: 132607



Directors' report

For the year ended 31 July 1999

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 July 1999.

Principal activity

The company's principal activity is to act as a holding company of a group of companies. The group's principal trading subsidiary is The *Hibernian* Football Club Limited. During the year the company sold Easter Road Stadium to The *Hibernian* Football Club Limited for £6 million which was satisfied by receipt of £2.5 million in cash and shares to the value of £3.5 million. The transaction resulted in a loss on the disposal of the asset of £2.2 million which has been dealt with as set out on page 4.

The subsidiary undertakings held by the company are listed in note 11 to the accounts. Consolidated accounts have not been prepared as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Results

The profit and loss account for the year ended 31 July 1999 is set out on page 4. The directors do not recommend the payment of a dividend (1998 - nil).

Directors and their interests

The directors who served during the year, together with their interests in the ordinary shares of the company, were:

	1999	1998
Sir Tom Farmer CBE KCSG	3,015,000	3,015,000
R Huthersall	-	-
R M Petrie	335,000	335,000

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and its profit or loss for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report

For the year ended 31 July 1999

Year 2000

The company has a project to adapt systems and prepare contingency plans for the Millennium. The necessary tasks will be completed in the required timescale. The incremental costs of modifications specifically related to Year 2000 are not expected to be significant.

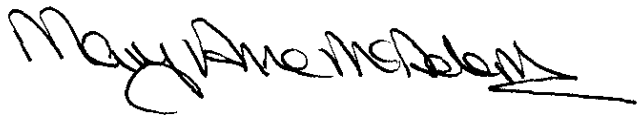
Employees

It is the company's policy to consult and discuss with employees any matters likely to affect their interests. The company gives full and sympathetic consideration to the employment, training, career development and promotion of disabled persons including those becoming disabled after their employment has commenced.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board



Mary Anne McAdam
Secretary
12 Albion Place
Edinburgh
EH7 5QG

27 August 1999

Auditors' report

To the Shareholders of HFC Holdings Limited:

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out in note 2.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

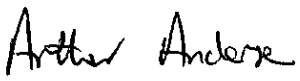
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 July 1999 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985. The company is exempt from the requirements of FRS1 (revised) to include a cash flow statement as part of its financial statements because it is a subsidiary of Halecrown Investments Limited and those financial statements are publicly available.



Arthur Andersen
Chartered Accountants and Registered Auditors
18 Charlotte Square
Edinburgh
EH2 4DF

27 August 1999

Profit and loss account

for the year ended 31 July 1999

	Notes	1999	1998
		£	£
Turnover	3	94,557	181,974
Operating expenses	4	(180,238)	(393,042)
Operating loss		(85,681)	(211,068)
Loss on disposal of fixed assets		(2,203,963)	-
Forgiveness of intercompany debt		(456,509)	-
Loss before interest and taxation		(2,746,153)	(211,068)
Investment income	6	1,418	8,648
Interest payable and similar charges	7	(338,654)	(634,520)
Loss on ordinary activities before taxation	8	(3,083,389)	(836,940)
Taxation	9	-	-
Loss for the financial year	16	(3,083,389)	(836,940)

The current year results are derived from operations which have been restricted as a result of the sale of Easter Road Stadium (note 10).

The loss for the financial year equates to the historical cost loss for the financial year.

As permitted by Financial Reporting Standard 3 "Reporting Financial Performance" the company has not prepared a Statement of Total Recognised Gains and Losses or a Reconciliation of Movements on Shareholders' funds as it has no recognised gains or losses other than the loss for the financial year.

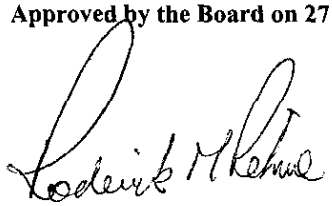
The accompanying notes form an integral part of this profit and loss account.

Balance sheet

as at 31 July 1999

	Notes	1999	1998
		£	£
Fixed assets			
Tangible assets	10	680,772	8,930,129
Investments	11	4,119,839	619,839
		4,800,611	9,549,968
Current assets			
Debtors - due within one year	12	480,265	636,442
Cash at bank and in hand		13,596	-
Debtors - due after one year	12	150,000	150,000
		643,861	786,442
Creditors: Amounts falling due within one year	13	(2,410,737)	(7,279,046)
Net current liabilities		(1,766,876)	(6,492,604)
Total assets less current liabilities		3,033,735	3,057,364
Creditors: Amounts falling due after more than one year	14	(5,000,000)	(1,940,240)
Net (liabilities) assets		(1,966,265)	1,117,124
Capital and reserves			
Called-up share capital	15	3,350,000	3,350,000
Profit and loss account	16	(5,316,265)	(2,232,876)
Capital (deficit) employed		(1,966,265)	1,117,124

Approved by the Board on 27 August 1999



R M Petrie
Director

The accompanying notes form an integral part of this balance sheet.

Notes to the financial statements

for the year ended 31 July 1999

1 Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis.

2 Principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985.

b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, at the following rates per annum:

Plant and equipment	10%
Fixtures and fittings	10%
Motor vehicles	20%

c) Stocks

Stocks are stated at the lower of cost and net realisable value.

d) Leases and hire purchase transactions

Assets held under hire purchase agreements are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful life. Finance charges are allocated to accounting periods over the period of the agreement to produce a constant rate of return on the outstanding balance. Payments are apportioned between finance charges and reduction of the liability as appropriate. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

e) Taxation

The charge for taxation is based on the result for the period as adjusted for the tax treatment of certain items. Provision is made in respect of all material tax timing differences to the extent that the directors believe it is probable that a liability or asset will crystallise.

f) Cash Flow

The company has not prepared a cash flow statement as permitted by FRS 1 (revised).

Notes to the financial statements

for the year ended 31 July 1999

3 Turnover

Turnover comprises rental income.

4 Operating expenses

	1999	1998
	£	£
Staff costs	31,250	108,333
Other operating charges	148,988	284,709
	180,238	393,042

5 Employee information and directors' emoluments

The company has no employees other than its directors (1998 - nil). The total emoluments paid to directors by the company during the year comprised £25,000 (1998 - 86,667) for salaries and £3,750 (1998 - £13,000) for pension contributions. There were no benefits in kind (1998 - £5,612).

6 Investment income

	1999	1998
	£	£
Interest receivable and similar income	1,418	8,648

7 Interest payable and similar charges

	1999	1998
	£	£
Bank loans and overdrafts	248,380	422,939
Other loans	90,274	211,581
	338,654	634,520

8 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	1999	1998
	£	£
Auditors' remuneration	4,950	3,100
Depreciation of owned tangible fixed assets	105,213	243,855

In addition to the auditors' remuneration shown above the remuneration of the auditors during the year ended 31 July 1999 for non-audit services was £15,625 (1998 - £18,275).

9 Taxation

There is no corporation tax payable on the loss for the year (1998 - nil). No provision for deferred taxation is required at 31 July 1999 (1998 - nil) and there is no unprovided deferred taxation.

10 Tangible fixed assets

	Land & Buildings £	Other £	Total £
Cost			
At 1 August 1998	7,106,089	2,404,073	9,510,162
Additions	56,569	3,250	59,819
Transfer to subsidiary undertaking	(6,481,886)	(2,407,023)	(8,889,209)
At 31 July 1999	680,772		680,772
Depreciation			
At 1 August 1998	-	580,033	580,033
Charge	-	105,213	105,213
Transfer to subsidiary undertaking	-	(685,246)	(685,246)
At 31 July 1999	-	-	-
Net Book Value			
At 31 July 1999	680,772	-	680,772
At 1 August 1998	7,106,089	1,824,040	8,930,129

During the year the company sold Easter Road Stadium to its subsidiary, The *Hibernian* Football Club Limited, for a consideration of £6 million.

11 Fixed asset investments

Investment in subsidiary undertakings:

	1999 £	1998 £
At beginning of year	619,839	619,739
Issue of shares in The *Hibernian* Football Club Limited	3,500,000	-
Incorporation of *Hibernian Financial* Limited	-	100
At end of year	4,119,839	619,839

The company holds more than 10% of the equity capital of the following companies:

	Country of incorporation and operation	Principal activity	Description and proportion of shares held by the company
The *Hibernian* Football Club Limited	Scotland	Professional football club	Ordinary shares 98%
Hibernian Hospitality Limited	Scotland	Hospitality Services	Ordinary shares 100%
Hibernian Financial Limited	Scotland	Financial Services	Ordinary shares 100%
HFC Properties Limited	Scotland	Dormant	Ordinary shares 100%

12 Debtors

Amounts falling due within one year:	1999 £	1998 £
Trade debtors	-	54,888
Amounts owed by subsidiary undertakings	480,265	581,554
	480,265	636,442
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	150,000	150,000

The amount owed by subsidiary undertakings falling due after more than one year represents a loan to The *Hibernian* Football Club Limited which is interest free and has no set terms for repayment.

13 Creditors: Amounts falling due within one year

	1999 £	1998 £
Bank overdraft	1,850,000	6,433,637
Trade creditors	4,217	5,542
VAT	-	5,315
Accruals and deferred income	556,520	715,097
Short term loan	-	50,000
Football Trust Loan	-	40,000
Taxation and social security	-	29,455
	2,410,737	7,279,046

The bank overdraft is secured by a bond and floating charge over the assets of the company.

14 Creditors: Amounts falling due after more than one year

	1999 £	1998 £
Unsecured Loan Stock	5,000,000	-
Loans from principal shareholder	-	1,900,240
Football Trust Loan	-	40,000
	5,000,000	1,940,240

The Unsecured Loan Stock was issued during the year and is interest free with no specific terms for repayment.

15 Equity share capital

	1999 £	1998 £
Ordinary Shares of £1 each		
Authorised:	3,850,000	3,850,000
Allotted, called-up and fully paid	3,350,000	3,350,000

16 Profit and loss account

	1999 £
Beginning of year	(2,232,876)
Loss for the financial year	(3,083,389)
End of year	(5,316,265)

17 Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group companies.

18 Ultimate holding company

The largest group in which the accounts of the company are consolidated is headed by Halecrown Investments Limited, a company registered in England. The principal beneficiary of the Halecrown Investments Limited shareholding in the company is Sir Tom Farmer CBE KCSG.